



PART B:	RECCOMENDATIONS TO COUNCIL
REPORT TO:	POLICY AND RESOURCES COMMITTEE
DATE:	25 AUGUST 2022
REPORT OF THE:	PROGRAMME DIRECTOR FOR PLACE AND RESOURCES PHILLIP SPURR
TITLE OF REPORT:	ALLOCATION OF COMMUNITY INFRASTRUCTURE LEVY FUNDS
WARDS AFFECTED:	ALL

EXECUTIVE SUMMARY

1.0 PURPOSE OF REPORT

1.1 At Policy & Resources Committee on 16 June 2022, Members agreed to allocate up to £158,000 of Community Infrastructure Levy (CIL) funding towards the replacement of the astro-turf pitch at Norton College dependent on a number of conditions being met by the school. Consequently, a number of further organisations have approached the Council for CIL funding. Following the desire of Council Members to look at utilising the Council's remaining CIL budget prior to 31 March 2023, this paper sets out options relating to the allocation of the remaining CIL budget to support either:

- i. Infrastructure projects that are aligned to the schemes identified in the Council's current Local Development Plan in Appendix 1, (that reflect the requirements of planned growth and provide a starting point for the prioritisation of CIL) **or**
- ii. A broader range of infrastructure schemes such as those identified in Appendix 2, with a view to establishing criteria and an appraisal process for a CIL grant application scheme.

2.0 RECOMMENDATION(S)

2.1 It is recommended that:

- (i) Members are asked to establish their preference for the allocation of CIL funding, either:
 - Through using the existing Local Development Plan infrastructure list as the basis for eligibility (Appendix 1 - Local Development Plan); or
 - Through a new scheme with a broader eligibility framework that would cover a range of community infrastructure schemes such as those

- identified in both Appendix 1 or Appendix 2.
- (ii) Members are asked to approve the development of CIL Funding Protocol (including an Expression of Interest stage, scheme eligibility / criteria and final application process) for determining eligible CIL funded schemes and the allocation of these funds funding in line with the proposal set out at s6.8 to 6.15, with delegated authority given to the Director of Place and Resources, the S151 officer and Chair of Policy & Resources to approve the protocol. This protocol will be required for either route outlined in 2.1 (i) above that is selected by Members.
 - (iii) The CIL funding available to be allocated as a result of this paper should not exceed the current CIL funds received to date with any existing commitments upheld and the total amount available for allocating reduced accordingly. Any CIL funds received after this time will be subject to further agreement by Members; and
 - (iv) Delegated authority is given to the Director of Place and Resources in consultation with the S151 officer and Chair of Policy & Resources to approve CIL funding applications following consultation with a CIL focussed grants working party.

3.0 REASON FOR RECOMMENDATION(S)

- 3.1 Members have expressed a desire to allocate the Council's CIL budget towards community infrastructure schemes within Ryedale prior to Vesting Day. Agreement of a scheme to allocate the available CIL funding needs to be determined if the CIL funding currently held by RDC is to be allocated prior to Vesting Day.
- 3.2 If approval is given for the allocation of CIL funds under either option outlined at 2.1(i), the Council will open up an Expression of Interest scheme for applicants to submit their proposals. Once necessary eligibility checks have been completed via an appraisal process, a full application stage will follow. Completed applications will go to a CIL grants working party for a recommendation followed by a further decision by the Director of Place and Resources in consultation with the S151 Officer and the Chair of Policy & Resources.
- 3.3 Members should note that the recommendation is an either / or decision. Therefore, if the decision is to go with an approached based on Appendix 1, then CIL funds will be spent in line with the Local Development Plan SP22. The potential schemes listed in Appendix 2 may therefore not necessarily be eligible to make an application. If the decision is to go with the creation of a scheme with wider eligibility as indicated by the potential schemes found in Appendix 2, then CIL funds may not be spent on schemes which support the Local Development Plan.

4.0 SIGNIFICANT RISKS

- 4.1 If the available CIL monies are not allocated to schemes at this time the funding will pass to the successor authority but will not need to be returned.
- 4.2 Large infrastructure will remain a requirement of local places post Vesting Day, therefore there is a risk that if CIL is allocated now to a range of community infrastructure projects, larger schemes that CIL had been earmarked for may not see funding immediately becoming available, i.e. a new school in Norton-on-Derwent which is identified in the Local Plan, or transport improvements which may require a source of funding in the future.
- 4.3 Many of the schemes which have approached us as potential future recipients of CIL

funding and that are identified in Appendix 2, do not currently have the funds to deliver their schemes set out in the summary of activity and therefore many projects would likely remain dormant until such funds could be raised.

- 4.4 It is likely that some schemes that are successful in securing CIL funding will be subject to the s24 process.
- 4.5 If schemes are brought forward for CIL funding there is the likelihood of capacity issues in teams to manage the process, notably within Economic Development, Planning, Finance and Legal. The appointment of additional staff to help manage this workload will be required.
- 4.6 There is a risk that funds are allocated to meet the deadline of 31 March 2023 which could compromise due diligence and value for money, and therefore are not supported at the S.24 process. This risk can be mitigated by the use of business cases and other due diligence.

5.0 POLICY CONTEXT AND CONSULTATION

- 5.1 Members are aware that the CIL is an important source of revenue to fund the infrastructure necessary to support planned growth. CIL can be used to fund a wide range of infrastructure, including transport, flood defences, schools, hospitals, and other health and social care facilities. This definition allows the levy to be used to fund a range of facilities including as play areas, open spaces, parks and green spaces, cultural and sports facilities, healthcare facilities, academies and free schools, district heating schemes and police stations and other community safety facilities. This flexibility gives the Council the opportunity to choose what infrastructure they need to deliver the Local Plan. Local authorities must spend the levy on infrastructure needed to support the development of the District, and the Council can decide what infrastructure is needed. The levy can be used to increase the capacity of existing infrastructure or to repair failing existing infrastructure, if that is necessary to support development.
- 5.2 Policy SP22 of the Local Development Plan specifies how the CIL is applied to development in the District and identifies the necessary improvements to social, physical or utility infrastructure which are required as a result of new development. Types of development that CIL funding could be allocated to are highlighted in Appendix 1.
- 5.3 It is important to recognise that CIL receipts can only be spent on capital projects, although associated revenue spending to maintain those capital items is also permissible. It can be used to increase the capacity of existing infrastructure (such as extending a school) or to repair failing infrastructure (such as a community building) if that is necessary to support additional development (assessed on a case by case basis).
- 5.4 The Council currently has no CIL allocation policy due to only recently having accumulated a meaningful budget to fund CIL development activity, therefore this funding could now be allocated to schemes. The Council has discretion to allocate funds and will review internal strategies and evidence including the Local Development Plan to assist in identifying the infrastructure that is required and / or potential schemes that will support development.

- 5.5 CIL funding is traditionally earmarked for areas that have taken substantial growth and therefore the bulk of the funding could be allocated to projects within the towns that have had CIL charge levies applied from these developments. The Council will also engage with service and infrastructure providers including town and parish councils to discuss possible infrastructure schemes aimed at supporting development of the area.

REPORT

6.0 REPORT DETAILS

- 6.1 At Policy & Resources Committee on 16 June 2022, Members agreed to allocate funding of up to £158,000 of CIL towards the replacement of the astro-turf pitch at Norton College, following a request received from the college. This funding is dependent on a number of conditions being met, as agreed by Council. Consequently, a number of further organisations have approached the Council for CIL funding, these requests are listed in Appendix B.
- 6.2 RDC has approximately £3 million of unallocated CIL funding. At the time of writing we are not aware of any decision by the new North Yorkshire Council with regards to future use of CIL funds.
- 6.3 The Local Development Plan (policy SP22) is a potential starting point for the prioritisation of CIL and reflects the requirements of planned growth in the plan period (2012 – 2027), and at present many of the schemes identified in this document remain prioritised as types of infrastructure that CIL funding should be prioritised for and allocated against.
- 6.4 A decision to allocate CIL funding prior to Vesting Day could be made in relation to projects within the Local Development Plan, or the Council could retain CIL money for addressing larger value schemes in the future, including items which are going to be needed to support further future growth (i.e. schools and highway improvements).
- 6.6 The Ryedale Plan identifies the requirement for a new primary school at Norton-on-Derwent within the plan period of 2012-2027. It is anticipated that CIL contributions gathered to date could potentially be used to fund this requirement. In addition to Education S106 funding held by RDC for use by NYCC as the education authority.
- 6.7 Any expenditure of CIL involving funding for education or highways improvements will require liaison with North Yorkshire County Council as a key stakeholder for CIL. A number of the infrastructure improvements required to support growth (for which CIL is intended to be used to address) are services provided by NYCC. There are also specific regulations about the funding of schools which need to be considered where appropriate.
- 6.8 **Process for CIL Strategic fund allocation**
- If Members agree to allocate CIL funding prior to Vesting Day, a process for determining the allocation will need to be developed via a CIL Spending Protocol. The aim of the Protocol will ensure that the decision-making process is transparent and through it will allow the Council to identify and agree priorities for the use of CIL and the allocation of funds.
- 6.9 Application process:

- RDC will confirm the level of funds available and then invite organisations to submit an Expression of Interest for CIL funding to allow an eligibility check to be undertaken.
- Eligible organisations will then be asked to formally submit a full and detailed application for consideration.
- Those who have identified a project should complete the application documentation and submit in line with any published deadline.

6.10 A standard pro-forma will be prepared for organisations with an infrastructure project they are seeking CIL funding towards, which will require details of the full business case for the scheme, including information on:

- a) The public benefit of proposed scheme;
- b) The value for money that a scheme provides, including how the expenditure links to recent or proposed developments and identifies the necessary improvements to social, physical or utility infrastructure which are required as a result of new development;
- c) The proportion of funding that CIL will be providing (with the expectation being that it will be some way short of 100%);
- d) The deliverability of the scheme;
- e) The maintenance arrangements that are in place; and
- f) The information that will be provided by the project sponsor following any grant of funding, to include any match funding and financial robustness of the applicant/delivery arrangements

6.11 Prospective applicants should also supply evidence of existing demand, additional demand likely to arise from proposed development, the extent to which relevant existing infrastructure or services are capable, in terms of location, capacity and suitability, of meeting those additional demands and the estimated costs of providing new infrastructure or improving existing infrastructure to meet these additional demands. The project plan should set out the full costs of the scheme and the timescales for implementation.

6.12 The Expression of Interest process will take place from September 2022 with full applications to be processed thereafter. The table below shows approximate timescales for the proposed allocation of CIL prior to Vesting Day. Specific dates will be published and publicised.

Step	Approximate Date
Expression of Interest stage	Mid-September to mid-October
Full application process open	From mid-October
Assessments and decision of proposed schemes	Ongoing from mid-November

6.13 A guide on how to apply for CIL funding will be produced to provide supporting information.

6.14 Evaluation of proposed schemes

- All proposed schemes submitted will be evaluated.
- The evaluation process will include Officer recommendations to a CIL grants working party which will in turn recommend schemes for consultation and decision by the Director of Place and Resources, the Section 151 Officer

and the Chair of Policy and Resources. The consultation will be expected to reach a balanced judgement and give reasons for their recommendation for its approval.

6.15 Prioritisation of CIL funds

If the total of CIL infrastructure costs bids are in excess of the amount of funding available, the Council will use the following factors as part of the evaluation of proposed schemes to ensure CIL monies are spent in the most appropriate way to ensure that it will support the most needed infrastructure in the district:

- The public benefit of proposed schemes;
- The value for money that a scheme provides;
- Whether the scheme/project is included in the Council's Local Plan/Council Plan or other relevant strategies and plans or there is good reason why it is not;
- Whether the CIL contribution will be only part of the funding and the project is to be funded from a number of other sources too, including funding from the CIL paid to town and parish councils. The Council will not fund 100% of infrastructure schemes; and
- Whether evidence has been provided to demonstrate that the scheme is deliverable within the next 12 months and that there are sufficient maintenance arrangements in place.

7.0 IMPLICATIONS

7.1 The following implications have been identified:

a) Financial

CIL funding allocations could potentially be made towards eligible schemes via the Local Development Plan Policy SP22 (Appendix 1), or to schemes similar to those identified in Appendix 2 as per the recommendation in section 2.1 (i). At present the total ask of schemes indicating an interest in receiving CIL funding listed in Appendix 2 is £2,246,500, with further requests likely to follow. It is likely that the full use of the Council's CIL funding received to date would be fully committed once the scheme is formally opened to applicants. There are no other appropriate existing capital budgets that could be used.

Approval of the Council's CIL budget towards schemes in the current financial year would reduce the amount of funding available for larger scale schemes in future years.

The Council is currently under financial restrictions through the S.24 process with regards to allocating funding in advance of Vesting Day.

Allocations should only be made in line with CIL guidance and should not be allocated simply to spend the funds ahead of Vesting Day, without undertaking due diligence. This should include setting out how the expenditure supports costs incurred due to the development which secured those funds.

A timetable for each project should be agreed particularly as Vesting Day is only seven months away and it will be difficult to complete major capital works by that time.

In agreeing spend, the Council should also be aware of the County Council's

(and the new North Yorkshire Council's) responsibilities regarding school funding.

In their annual report, noted by Council on 29 June 2022, the External Auditors highlighted a risk of the Council incurring excess expenditure and reducing reserves due to the LGR timescale. That report stated that:

“any requests for additional use of reserves and/or increases to expenditure prior to 31 March 2023 should be reviewed against clear business cases, ensuring that appropriate due processes and governance checks are maintained prior to the cessation of Ryedale District Council on 31 March 2023. Members of the Council will still have a fiduciary duty to public monies and the local taxpayer up to 31 March 2023, so resources should continue to be prioritised based upon key needs and any additional non-statutory expenditure should be scrutinised appropriately prior to being committed.”

b) Legal

Further to an eligibility and application process being approved and funding approved for specific projects, a standard agreement between the Council and each grant applicant will be needed to secure any relevant terms and conditions in advance of the funds being transferred.

c) Other (Equalities, Staffing, Planning, Health & Safety, Environmental and Climate Change, Crime & Disorder)

A decision by Members to allocate CIL funding in 2022/23 will have resource implications on various departments across the Council, including the Economic Development Team, Planning, Finance and Legal. The appointment of additional staff will be required in the Economic Development Team to help manage this workload.

Planning Officers have confirmed that it has been thought that a significant proportion of the CIL monies held by RDC would be required to provide a new school in Norton. The timing of this need is currently uncertain. It was also noted that the way in which CIL funds will be utilised from April 2023 onwards has not yet been determined. Officers also highlighted that there is currently no prioritisation process in place for Members to follow due to only recently a significant amount of CIL having been accrued.

A CIL Expression of Interest application scheme will be produced and appraised by Economic Development Team Officers and recommended to a CIL grants working party for a decision. Officers would be responsible for the administration and recording of the grants in Civica system to ensure transparency is audited.

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Background Papers:
N/A

Background Papers are available for inspection at:
N/A

Appendix 1

Local Development Plan - SP22 Planning Obligations, Developer Contributions and the Community Infrastructure Levy

Policy SP22 is a general development management policy which is central to the implementation of the key elements of the Local Development Plan. Developer contributions and the Community Infrastructure Levy (CIL) funds can be used to contribute to all or some of the following:

- Affordable housing and/or specialist housing to meet specific needs
- Transport infrastructure improvements including public and community transport schemes and revenue support, transport infrastructure schemes, car parking, cycling and pedestrian improvements, Travel Plans and behavioural change measures
- Education provision and facilities
- Health care provision
- Emergency services
- Renewable energy, community energy schemes and 'Allowable Solutions'
- Community buildings, open space, leisure and play facilities, allotments and burial facilities
- Drainage and flood prevention measures
- Water and sewerage utilities
- Environmental/public realm improvements
- Green Infrastructure Networks
- Biodiversity and habitat compensation measures
- Refuse collection receptacles and vehicles

Appendix 2 - Community Infrastructure Levy (CIL) Funding Requests

The following funding requests have been received by the Council for a potential CIL allocation, along with further potential scheme requests we understand are to be submitted in due course. All schemes will be subject to an Expression of Interest process.

A CIL scheme already approved is for the Norton College AstroTurf replacement and has been identified separately below.

CIL funding allocated (to 23 July 2022), subject to conditions agreed by RDC being met

Scheme	Requirement	CIL 'Ask'	Total Project Cost
Norton College #1	Replacement Astro Turf	£108k (+£50k possible)	£120k (£170k possible)

CIL schemes identified (known and potential)

Scheme	Description	Request Received	Business Case received	CIL 'Ask'	Total Project Cost
Known					
Norton College #2	Replacement Fitness Suite equipment / refurb	Yes	No	TBC	TBC
MCSC / Malton School	New fitness suite facility – request to fill possible unsuccessful Lottery bid	Yes	Yes	c.£150k (£250k if Sport England £100k is lost)	£474k
Milton Rooms	Previous paper written but not considered due to budget changes	Paper already prepared	Yes	£200k	TBC
Livestock Market	Development of Livestock Market	Yes	Yes	£600k	£2.85m
Ryedale Special Families	Development of new HQ in Pickering	Yes	Yes	£300k	£1.4m
Helmsley Playing Field	Landscaping of sports fields to bring it back into use	Yes	Yes	£232.5k	£249.5k
Path for Everyone – Kirkbymoorside to Helmsley	Development of cycling and walking route	Yes	No	TBC	TBC
Path for Everyone – Malton to Hovingham	Development of cycling and walking route	Yes	No	TBC	TBC

Anaerobic Digester Plant	Development of AD plant at Eden Business Park, Malton	Yes	No	£350k	£3.5m
Malton Museum	TBC	Yes	No	TBC	TBC
Potential					
Norton School development	Contribution towards development of a new primary school associated with Norton Lodge Development	Awaiting info from NYCC	No	TBC	TBC
Helmsley Outdoor Pool	Changing Rooms	Awaiting	No	TBC	TBC
Wesley Centre	Phase 4 – seeking funding for the £1.4 million final phase	Awaiting	No	TBC	TBC
Ryedale School Astro turf	Development of Astro turf facility	Awaiting	No	TBC	TBC
Next Steps, Norton	TBC	Awaiting	No	TBC	TBC
Woodham Stone Collection	TBC	Yes	Yes	£414k	TBC
Kirkbymoorside Skate Park	TBC	Awaiting	No	TBC	TBC
Beck Isle Museum	TBC	Awaiting	No	TBC	TBC
Total CIL funding ask to date				£2,246,500	